
Project Status Meeting Former Hovensa Refinery St. Croix, US Virgin Islands

Microsoft Teams Meeting

November 09, 2021



PathForward Consulting

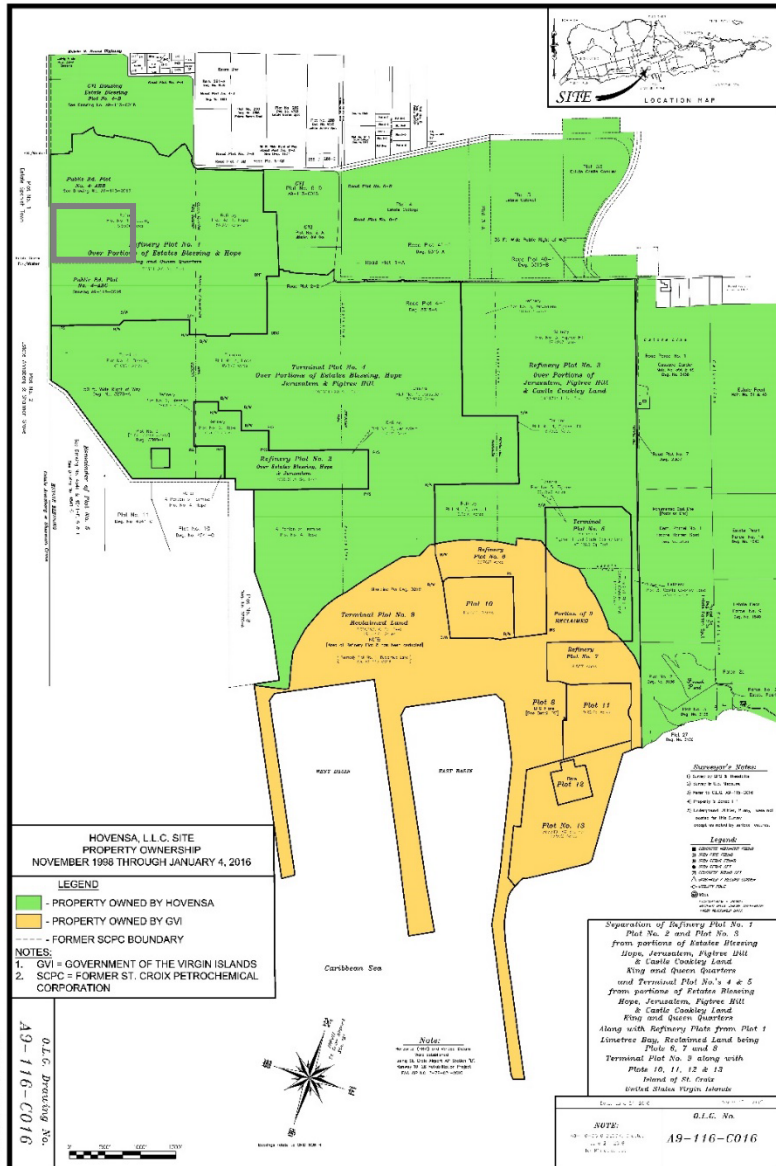
- Safety Update
- Site Property Owners – Maps
- Financial Overview
- HOVENSA Reorg Debtor
- Financial Assurance
- Landfarms 1, 2 & 3
- Permitting Strategy & Corrective Action Workplans & Reports
- Cost Saving Strategies
- St. Croix Petrochemical Corporation (SCPC)
- Limetree Update

Safety, COVID & Tropical Weather

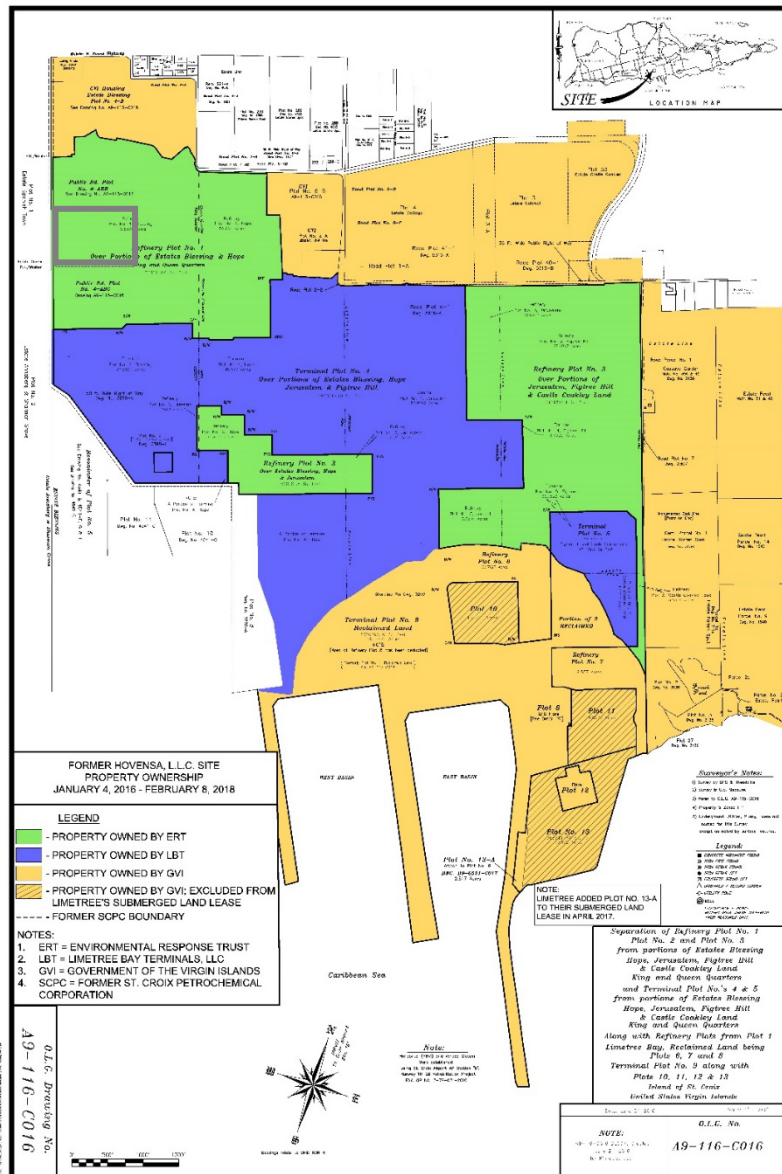
- The ERT and its contractor continue to operate in a safe manner.
 - GES Lost Time Incident Rate 2021 = 0.0
 - GES Total Recordable Incident Rate (TRIR) = 0.0
- The ERT and its contractor continue with the numerous protocols to minimize impact from the COVID-19 pandemic.
 - Social distancing (implemented in March 2020):
 - Conduct daily work meeting via conference call rather than in-person
 - Elimination of car-pooling
 - No congregating at lunch time
 - Refrain from entering each other's offices or cubicle spaces
 - Face masks remain a requirement for site entry, and remain a requirement in the USVI, as mandated by the Governor's orders.
 - The onsite team is vaccinated, and five of the seven onsite team members have received a booster shot.
- Tropical Weather
 - Tropical Cyclone 6 was predicted to impact St. Croix on August 11, 2021 as a weak tropical storm and the USVI was under a tropical storm warning; the ERT implemented its tropical weather plan. The system passed south of St. Croix with minimal impact; post-storm inspections indicated no impact at the landfarms or on the corrective action system.
 - Hurricane season officially ends on November 30. (The season runs from June 1 – Nov 30 annually.)

Survey Map – Property Owners (Nov 1998 – Jan 2016)

- SCPC Leased Area Indicated by Gray Border (Top Left)
- Pre-Bankruptcy; HOVENSA owned all property in green and the GVI owned the submerged lands (gold)

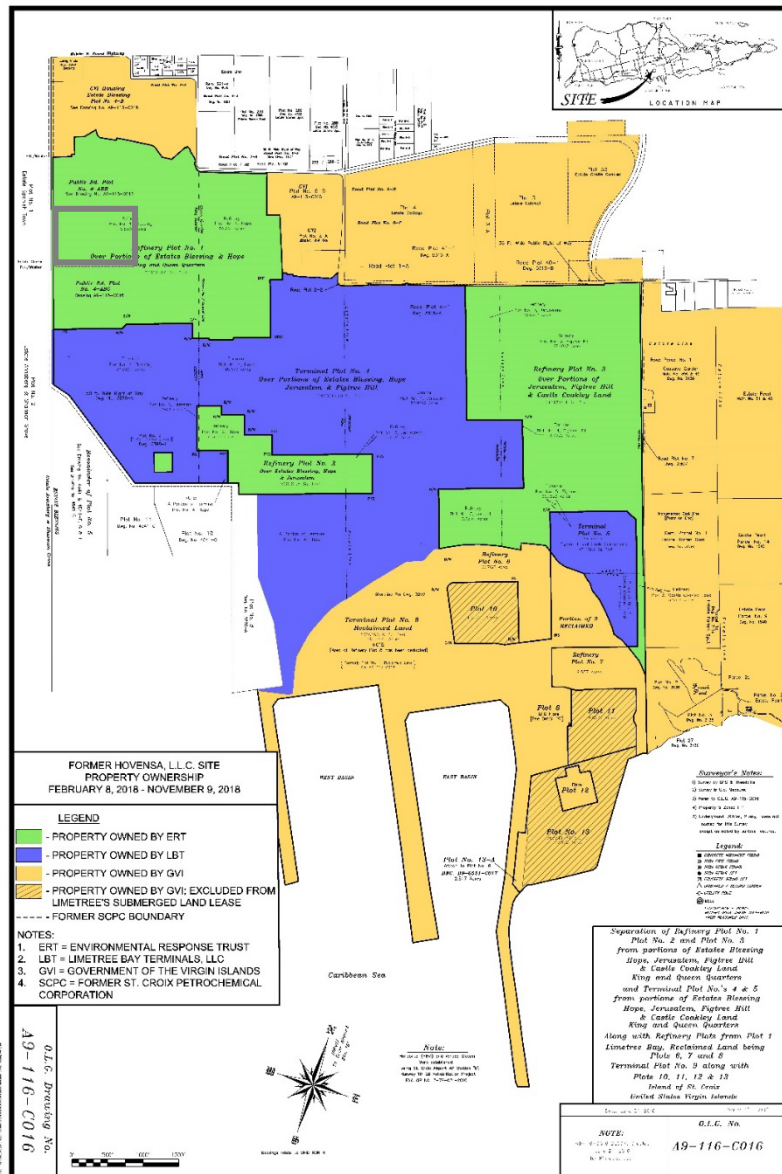


Survey Map – Property Owners (Jan 2016 – Feb 2018)



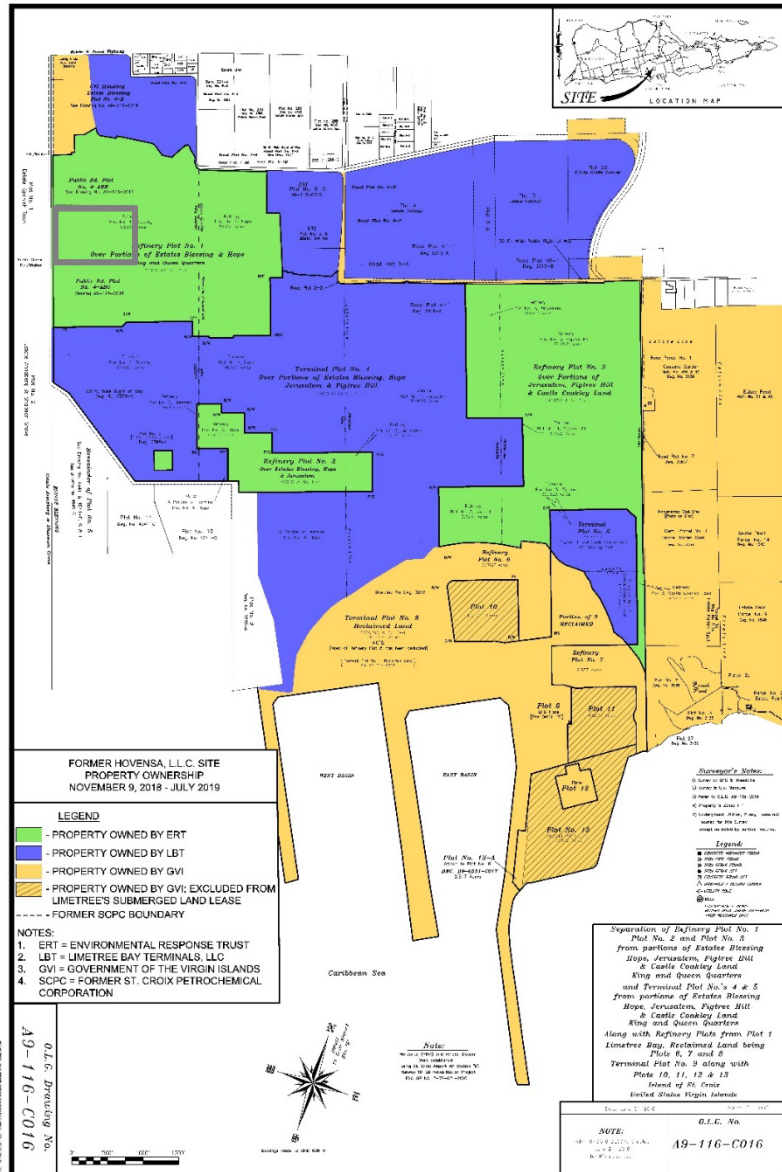
- SCPC Leased Area Indicated by Gray Border (Top Left)
- Per the 2016 transaction, Limetree Bay Terminals bought some property (blue), additional properties were deeded to the GVI (gold) and the HOVENSA retained the property in green which were transferred to the ERT.

Survey Map – Property Owners (Feb 2018 – Nov 2018)



- SCPC Leased Area Indicated by Gray Border (Top Left)
- Landfarm 1 deed was transferred from Limetree to the ERT.

Survey Map – Property Owners (Nov 2018 – Jul 2019)



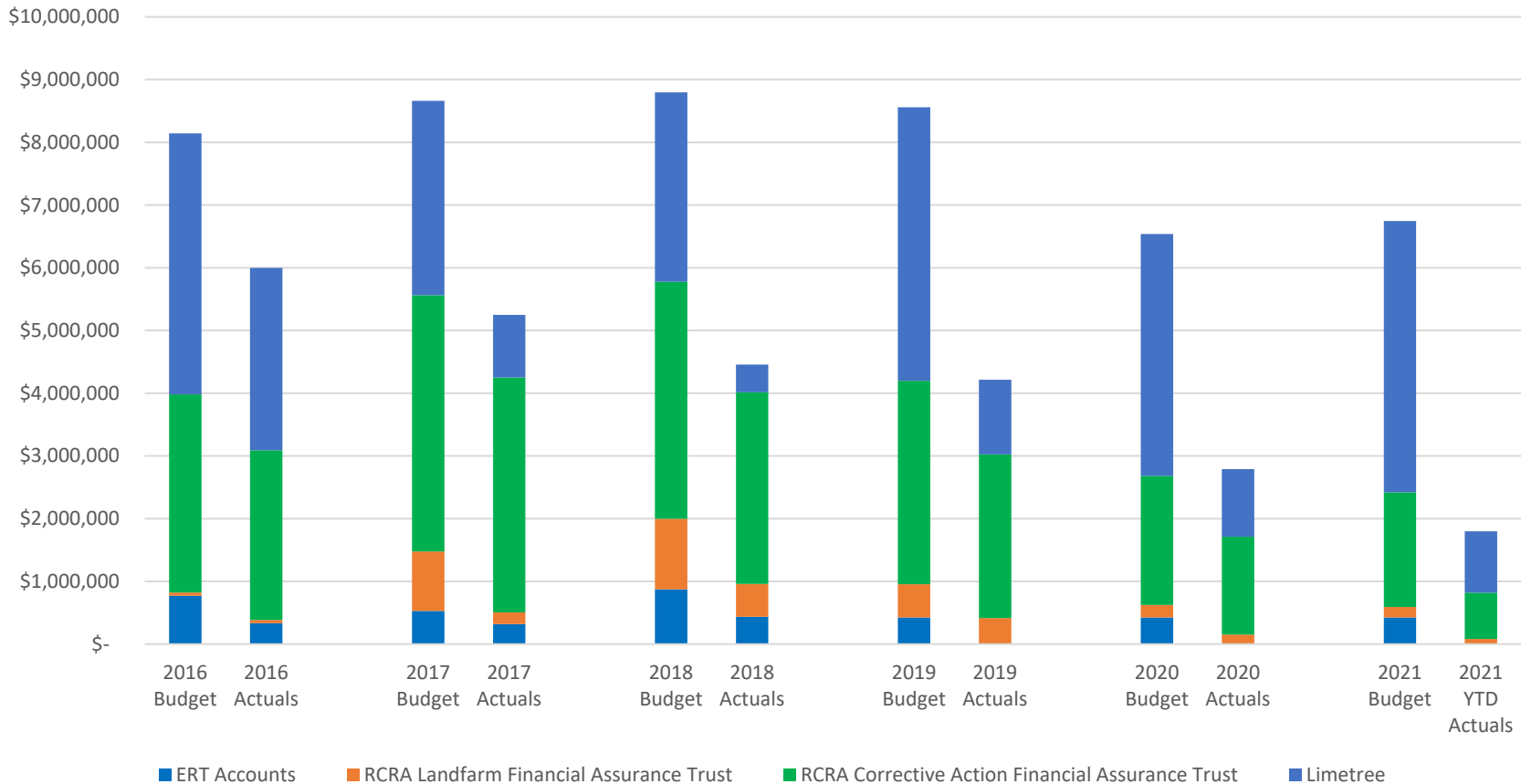
- SCPC Leased Area Indicated by Gray Border (Top Left)
- Limetree Bay Terminals purchased property from the GVI (housing areas in the north).

[illegible]

- 8

Financial Overview

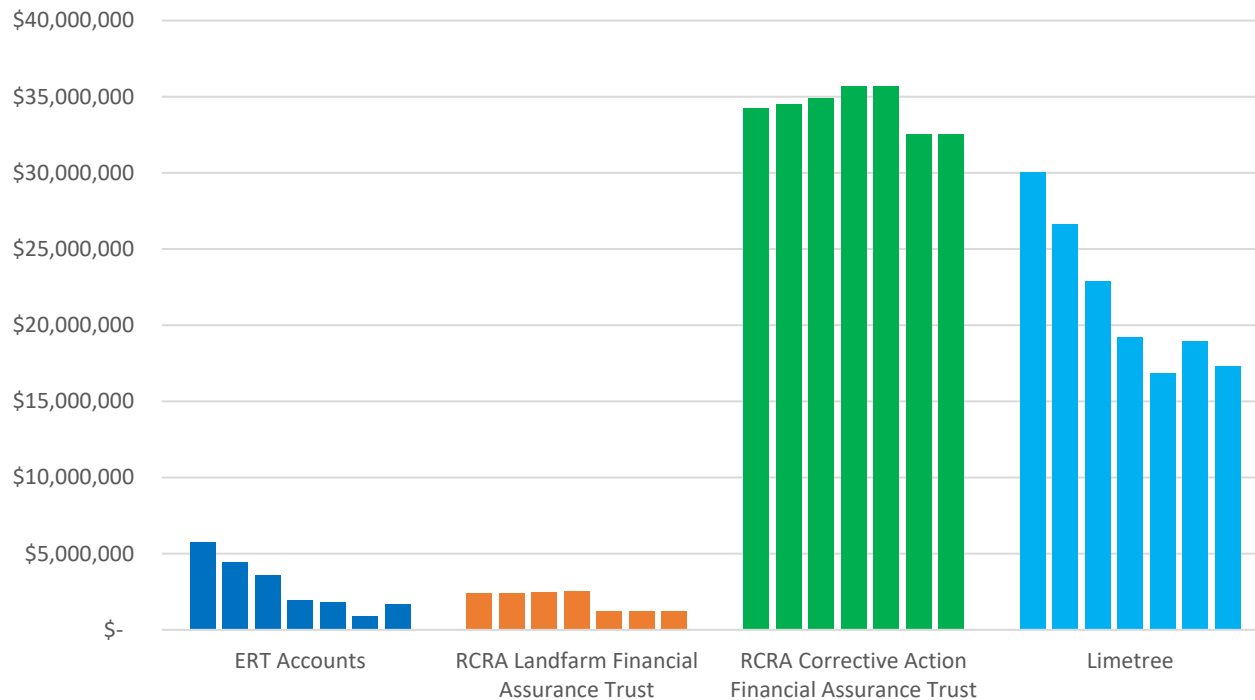
HOVENSA ERT Budget vs. Expenditures



Note: The \$4.5 MM in the Consent Decree Escrow Account is excluded from this chart and is specifically ear-marked for the VI TSEP.

Financial Overview

HOVENSA ERT Funding / Account Balances
Initial Balance (Jan 2016) and Year-End (2016 through 2021 YTD)



Note: The \$4.5 MM in the Consent Decree Escrow Account is excluded from this chart and is specifically ear-marked for the SEPs.

Funds Owed to Limetree

- The ERT has drawn \$8,976,582 of funds from Limetree to cover RCRA Financial Assurance related expenses. \$4,806,378 has been returned to Limetree and the ERT owes \$4,170,204 of Financial Assurance funds to Limetree. This balance increases each quarter.

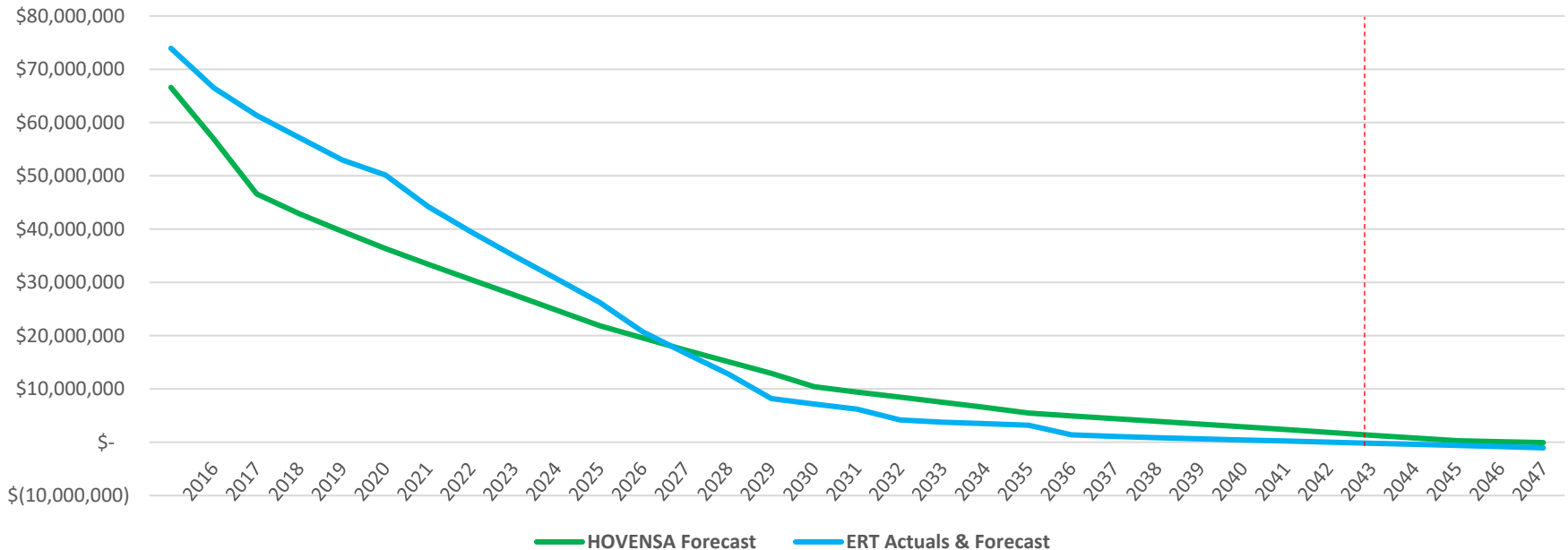
\$30MM Wind-Up Cost Cap Summary (2016 – 2020 YTD)

Total Amount Invoiced			Total Amount Repaid to Limetree		Available Funding from Limetree
Non-RCRA Wind-Down Expenses	RCRA Financial Assurance Trust Wind-Down Expenses ²	Invoice Total	Amount	RCRA Financial Assurance Funds Owed to Limetree	
\$ 8,509,371	\$ 8,976,582	\$ 17,485,953	\$ 4,806,378	\$ 4,170,204	\$ 17,320,424

- The ERT has made two reimbursement payments to Limetree:
 - November 23, 2019: \$866,369.43 (Landfarm Closure Expenses)
 - August 7, 2020: \$3,940,009.00 (Corrective Action Expenses)

Wind-Down Forecast (Current)

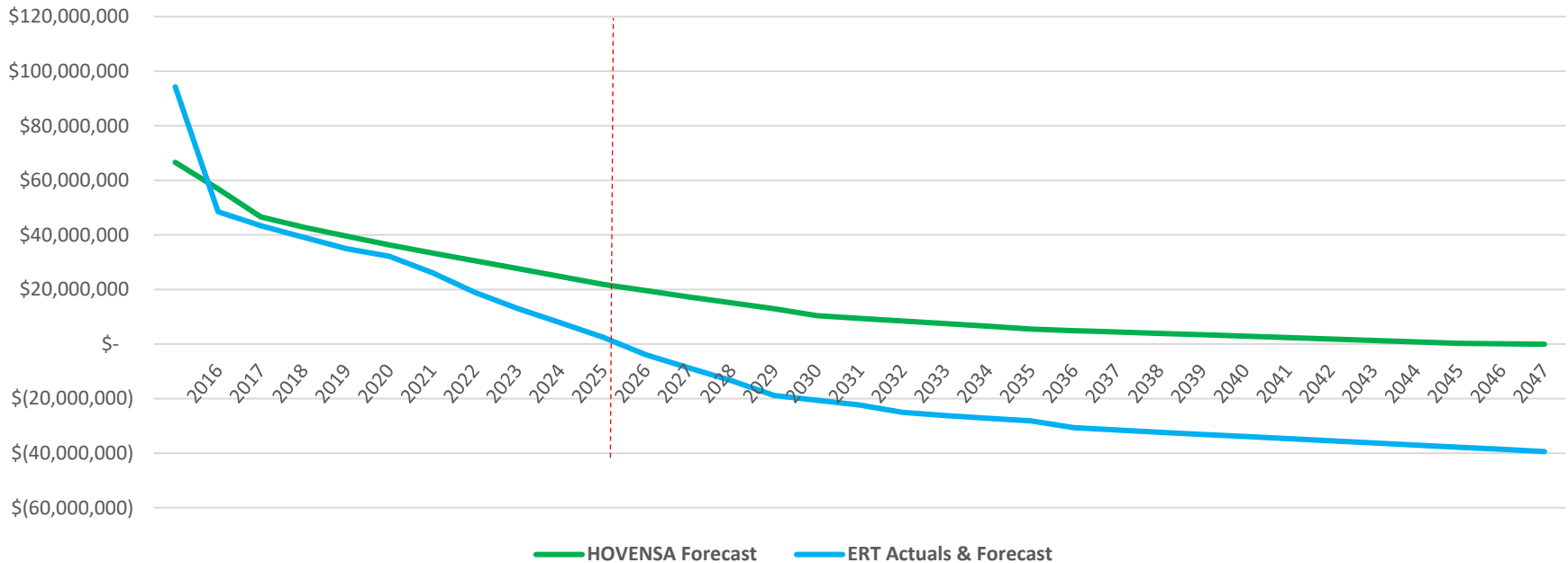
HOVENSA vs. ERT Forecast
(Actual Funding)



- Assumptions:
 - Refinery does not restart; Limetree Terminal operations continue; WWT costs increase
 - Funds are released from the RCRA Financial Assurance Trusts
 - No hurricanes or other unplanned events occur
- Not adjusted for inflation
- Does not include the bail-out from HOVENSA Reorg Debtor for Hurricane Maria recovery
- In this scenario, funds are exhausted in 2043

Wind-Down Forecast – Limetree Terminal Bankruptcy

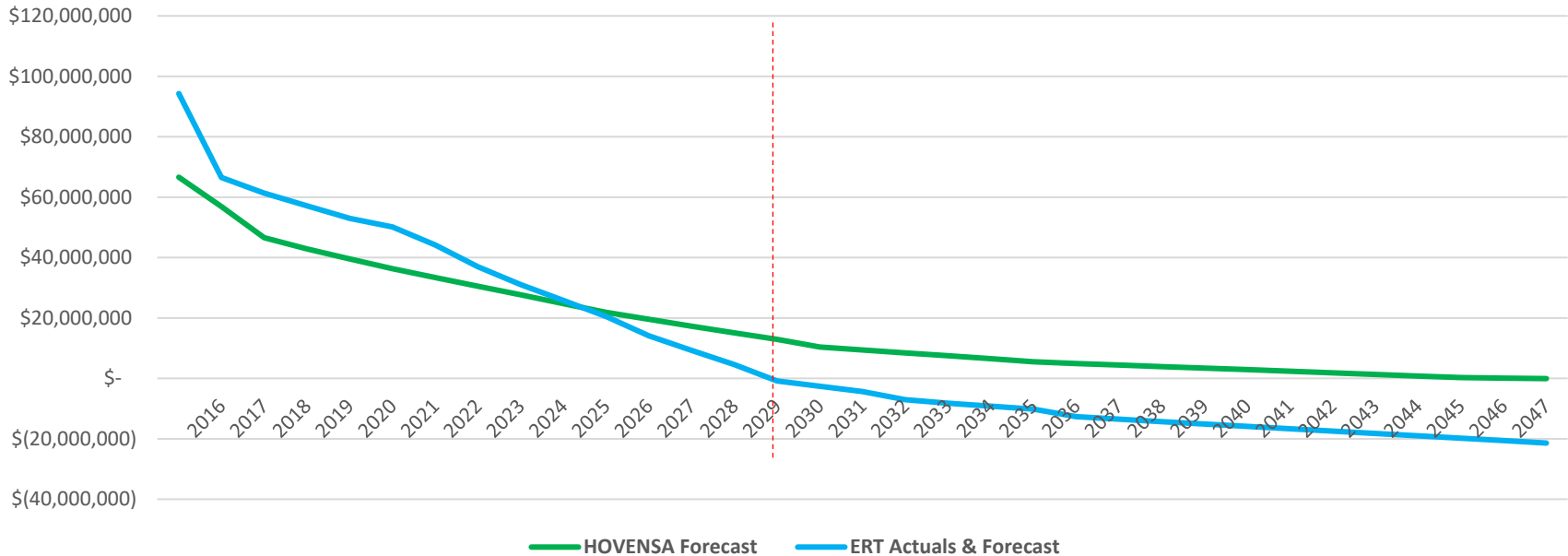
HOVENSA vs. ERT Forecast
(Actual Funding)



- Assumptions:
 - Refinery does not restart; Limetree Terminals files bankruptcy
 - Remaining funding from Limetree is not provided to the ERT
 - No payout or cash compensation for the remaining balance of power from Limetree
 - Funds are released from the RCRA Financial Assurance Trusts
 - No hurricanes or other unplanned events occur
- Not adjusted for inflation
- Does not include the bail-out from HOVENSA Reorg Debtor for Hurricane Maria recovery
- In this scenario, funds are exhausted in 2026

Wind-Down Forecast – Limetree Terminal Bankruptcy

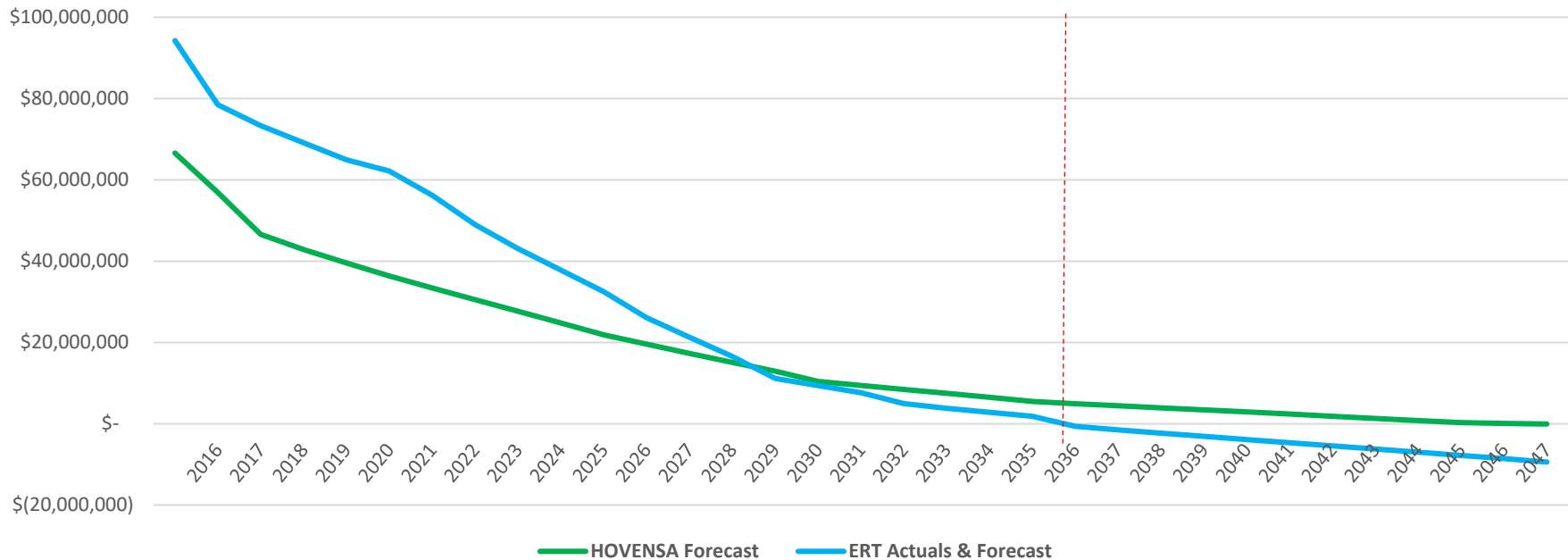
HOVENSA vs. ERT Forecast
(Actual Funding)



- Assumptions:
 - Refinery does not restart; Limetree Terminals files bankruptcy
 - The balance of the \$30MM funding is secured and provided to the ERT
 - No payout or cash compensation for the remaining balance of power funding from Limetree
 - Funds are released from the RCRA Financial Assurance Trusts
 - No hurricanes or other unplanned events occur
- Not adjusted for inflation
- Does not include the bail-out from HOVENSA Reorg Debtor for Hurricane Maria recovery
- In this scenario, funds are exhausted in 2029

Wind-Down Forecast – Limetree Terminal Bankruptcy

HOVENSA vs. ERT Forecast
(Actual Funding)



- Assumptions:
 - Refinery does not restart; Limetree Terminals files bankruptcy
 - The balance of the \$30MM funding is secured and provided to the ERT
 - The balance of the power funding is provided as a cash payout to the ERT
 - Funds are released from the RCRA Financial Assurance Trusts
 - No hurricanes or other unplanned events occur
- Not adjusted for inflation
- Does not include the bail-out from HOVENSA Reorg Debtor for Hurricane Maria recovery
- In this scenario, funds are exhausted in 2036

Receivables

- Though not required or contemplated by the Court order, the ERT has successfully added approximately \$1,000,311 to the ERT Accounts through sale of unused assets, providing services to Limetree (including remediation services), seeking insurance reimbursements after Hurricane Maria, seeking reimbursement from Limetree for property taxes.

Receivables							
	2016	2017	2018	2019	2020	2021 (YTD)	Total
Asset Sale	\$ 67,501	\$ -	\$ 6,999	\$ 21,800	\$ -	\$ -	\$ 96,300
Insurance Reimbursement	\$ -	\$ -	\$ 203,097	\$ -	\$ -	\$ -	\$ 203,097
Shared Services (Includes Remediation Services)	\$ 69,981	\$ 95,650	\$ 27,860	\$ 104,505	\$ 253,097	\$ 111,201	\$ 662,294
Property Tax Reimbursement	\$ -	\$ -	\$ 19,836	\$ 18,784	\$ -	\$ -	\$ 38,620
Total	\$ 137,482	\$ 95,650	\$ 257,792	\$ 145,089	\$ 253,097	\$ 111,201	\$ 1,000,311

- A sixteenth extension of HOVENSA's deadline to close the Estate has been approved by the Court. (March 9, 2022 is the current deadline).
- The modification of the PRI Consent Decree (CD) (to add Limetree and remove HOVENSA) is the final item that must be completed in order for HOVENSA to close the Estate.
- Remaining assets (cash) in the HOVENSA Estate will be transferred to the ERT when HOVENSA dissolves. In 2020, the Reorg Debtor indicated an estimated \$5MM of assets remained; these funds continue to be depleted by the Estate (legal fees, retainer fees and operating expenses).
- The ERT will remain a party to the CD and is expected to manage and disburse funds for the two SEPs required by the CD.

Landfarm RCRA Financial Assurance Reimbursement

- More than two years of post-closure care has been completed. (Post-closure began on May 3, 2019).
- Per 40 CFR Part 264.145(a)(10), during the period of post-closure care, the Regional Administrator may approve a release of funds if the owner or operator demonstrates that the value of the trust fund exceeds the remaining cost of post-closure care.
- The ERT is currently borrowing the RCRA Post-Closure Funds from Limetree and, per the Court documents, will need to return these funds to Limetree.
- The Citibank Landfarm Financial Assurance Trust account balance is \$1,183,831 as of July 2021.

Corrective Action Financial Assurance

- In August 2020, EPA authorized the release of \$3,940,009 from Citibank.
- \$3,940,009 was repaid to Limetree in August 2020.
- The release of funds was based on the Corrective Action cost estimate developed in 2018.
- The Citibank Corrective Action Financial Assurance Trust account balance is \$32,530,385 as of July 2021.
- In accordance with the transaction documents and the process set forth by EPA, the ERT will update the cost estimate and submit a request for the overfunded amount. The ERT is obligated to return RCRA Financial Assurance funds to Limetree and the current balance owed to Limetree is \$4,170,204.

■ Detection Monitoring of Landfarm 1

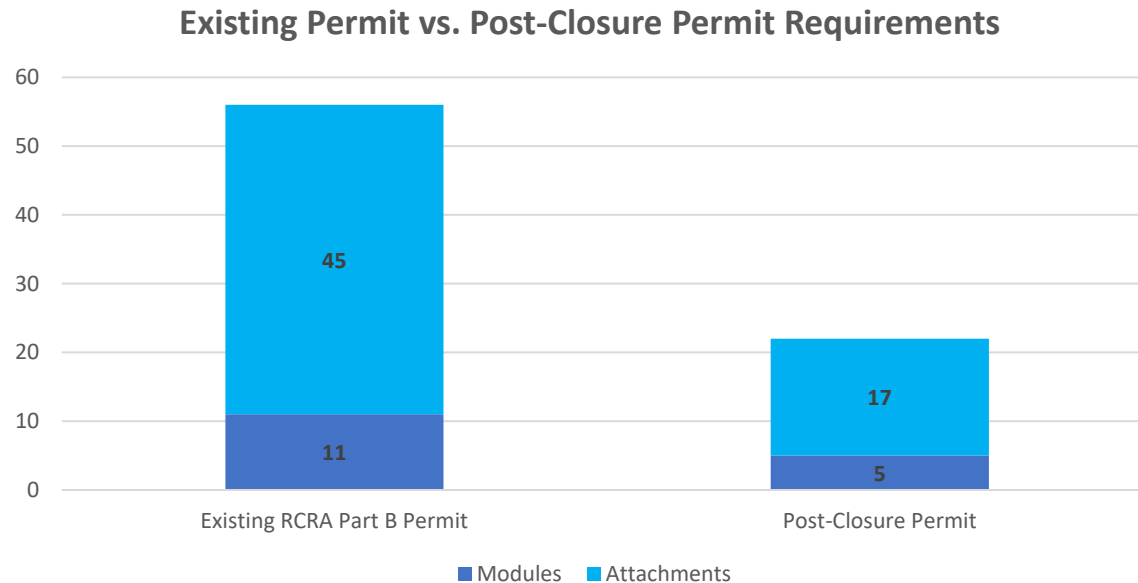
- Feb 2020 – ERT submitted request to remove wells TEL-1, TEL-6 & TEL-7 from the Detection Monitoring Program
- No Permit Modification Required
- Cost Savings is more than \$20,000/year for removal of all three wells
- May 2020 – EPA approved removal of TEL-1 & TEL-6, and the ERT removed these wells from the program
- EPA review of TEL-7 is pending

■ Detection Monitoring of Clean-Closed Lagoons

- EPA approved Clean Closure of the Lagoons in 2007
- According to historical EPA and HOVENSA documentation, Lagoon Detection Monitoring was slated to be eliminated when a new Permit was issued. HOVENSA submitted their first Permit renewal application in 2009.
- Permit modification or issuance of a new Permit is required to remove the Lagoon Detection Monitoring from the Permit.
- HOVENSA did not include costs for Lagoon Detection Monitoring in the Wind-Down budget.
- Cost savings to the ERT is more than \$15,000 per year or \$430,000 over the remaining 28 years of the ERT.
- EPA has agreed to the removal of the Lagoon wells from the Detection Monitoring Program; Permit renewal or modification is required.

Landfarms 1, 2 & 3

- Post-Closure Care of Landfarms 1, 2 & 3 continue in accordance with the applicable Permits
 - Landfarm 1 Post-Closure Care began in November 1991.
 - Post-Closure Care of Landfarms 2 & 3 began in May 2019.



- More than 30 components of the existing Permit (Modules & Attachments) are no longer applicable to the Site.
- EPA has expressed its goal of receiving a Permit application in FY 2022 and issuing a renewed Permit in FY 2023.
- The ERT has begun the process of updating the permit application and will work with EPA to meet the timeline goals.

Corrective Action Workplans & Final Reports Under Review by EPA

- AOCs 1, 2 & 3 CMI Workplan (submitted July 2009)
 - Final Goals for AOCs 1, 2 and 3 are included in this workplan
- SWMU 22 CMI Workplan (approved by EPA March 2013, pending Permit Modification)
- SWMU 22 Dissolved Phase Monitoring Workplan (submitted Jan 2017)
- SWMU 24 CMS Report & CMI Workplan (submitted Jan 2017)
- CMMU 2 Final Report (submitted Aug 2018)
- CMMU 1 Final Report (Revised Workplan & Status Report was Submitted Dec 2017; Work has now been completed and a Final Report will be submitted)

St. Croix Petrochemical Corporation (SCPC)

- SCPC paid for their own remediation and HOVENSA therefore did not include funding for SCPC in the wind-down budget (i.e. funds for SCPC remediation are not part of the Court order).
- Non-payment from SCPC parties resulted in GES issuing a stop work notice and subsequently halting all work at SCPC on December 15, 2017.
- The ERT is concerned that remediation has been offline since December 2017 when SCPC refused to continue to pay for their releases.
- SCPC currently owes the ERT \$395,542 and owes GES \$45,522.
- The latest cost estimate for remaining work is \$4,965,608
 - Assumes site conditions have not changed since December 2019
 - Assumes the proposed goals will be the final goals
- The ERT's response to the latest SCPC request for information is pending and will be completed by the end of the year.
- Estimated volume of LNAPL in Subdomain 9 has increased, primarily as a result of data collected from SCPC in June 2021.

Subdomain 9	June 2020 (Bbls)	June 2021 (Bbls)
SCPC / West Fence	184*	7,165

*Represents June 2017 (most recent available) data at monitoring wells in SCPC area due to SCPC work stoppage in December 2017



Limetree Update

- Limetree Bay Terminals, LLC & Limetree Bay Refining, LLC are two separate and distinct companies and obligations under the Shared Services Agreement and \$30MM Funding Requirement are retained by Limetree Terminals (Limetree Refining is not a party to these agreements).
- Limetree Bay Refining, LLC and five of its affiliates filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas.
- Milestones and bid procedure deadlines have been extended multiple times. The current Court-approved deadlines for key milestones are:
 - Nov 12, 2021 – Auction (if necessary)
 - Nov 15, 2021 – Deadline to file designation of winning bid
 - Dec 10, 2021 – Deadline for winning bidder to close sale transaction
 - Dec 13, 2021 – Deadline for back-up bidder to close sale transaction (if applicable)
- In the August 26, 2021 memo, “ERT Fact Sheet and Recommended Actions,” the ERT recommended three strategies to mitigate impact to the ERT:
 - Collateralize the funding obligation from Limetree Terminals
 - Seek to have the Consent Decree (CD) modification entered into the Court, and
 - Require written agreement regarding the remediation services provided by the ERT on behalf of Limetree.

Limetree Update

- As discussed in the August 26, 2021, “ERT Fact Sheet and Recommended Actions,” the ERT is impacted by Limetree Bay Refining’s Bankruptcy
 - WWT fees have already increased.
 - Fees for other services provided by Limetree are expected to increase (plant air, potable water, electrical costs)
- If Limetree Bay Terminals, LLC files bankruptcy, the following items are affected
 - ERT Cash Funding – Unsecured Obligation from Limetree
 - Electrical Power Funding – Unsecured Obligation from Limetree
 - Shared Services – Provided by Limetree & Critical to ERT Operations
 - Electrical Power
 - Plant Air
 - Potable Water
 - Furnished Offices
 - Fuel
 - Electricians
 - Limetree Operations that Benefit the ERT
 - Site Security
 - Site Safety Protocols
 - Heavy Equipment Maintenance Shop
 - Ice Plant Operations

New Occurrences of LNAPL

Corrective Action Status Semiannual Report - Section 3 - New Occurrences of LNAPL

Corrective Action Status Semiannual Report - Section 3 - New Occurrences of LNAPL					
Subdomain	Impacted Area	Current Plume Designation	Potential Source(s)	Estimated LNAPL Volume (June 2021)	Fees for Remediation Services Provided to Limetree by the ERT (through Aug 2021)
1	Well 572 Area (RAA 1A)	Limetree	Tank 7451	0 Bbls	
3	Tank Field 21 (well 449 area)	Limetree	Limetree is investigating Tanks 7422 & 7423	971 Bbls	
3	Tank Field 22	Mixed (ERT & Limetree)	Limetree is investigating Tanks 7424, 7425 and 7426		
3	Well 81 Area	Limetree	A leak in an above-grade line (Jet-A fuel)	0 Bbls	
4	Lagoon 1 Area (wells LW-9, 487 & 608)	Limetree	Undetermined - Limetree continues to investigate	56 Bbls	
4	Well 648 (SWMU 24)	Undetermined	The ERT & Limetree continue to investigate		
6	DD 9 Area (wells 440 & 444)	Undetermined	Limetree is investigating #3 Platformer.	3,727 Bbls	
6	DD 6 (well 135 area)	Legacy/HOVENSA	Legacy/HOVENSA		
6	All American Canal (well 297 area)	Undetermined	The ERT & Limetree continue to investigate		
6	Tank Field 19 (well 334 area)	Undetermined	The ERT & Limetree continue to investigate		
8	Well 714 area	Limetree	Limetree continues to investigate	9 Bbls	
11-S-W	Tank 7506 area	Limetree	Leak on a line running through the dike wall of the tank field		
				Total Fees	\$ 252,260

Operating Recovery Wells (2010 – 2021)

Key Dates:

2010 – HOVENSA Shutdown West Refinery

2012 – HOVENSA Shutdown Remaining Refinery Ops

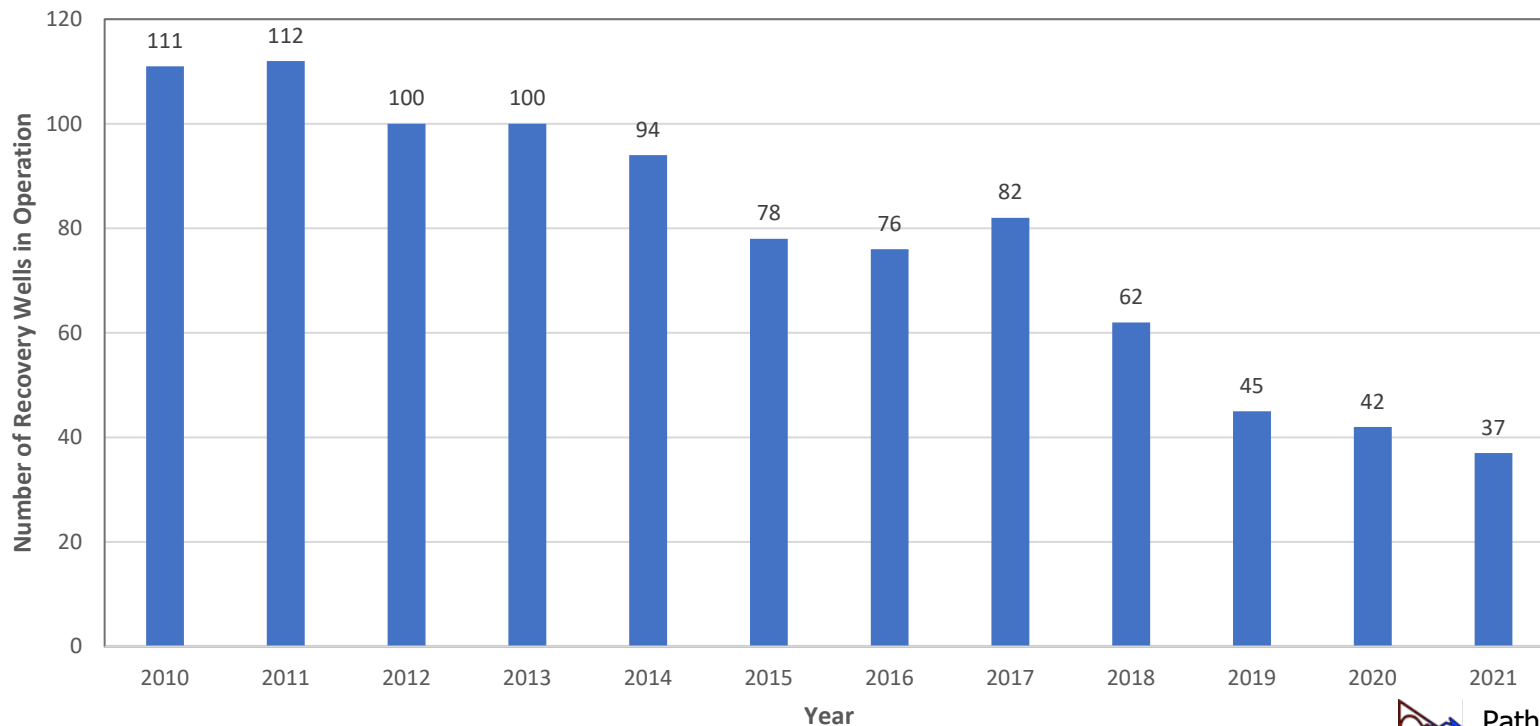
2015 – HOVENSA Shutdown Terminal Ops & Filed Bankruptcy

2016 – Limetree Terminal Ops Begin

2018 – Limetree Bay Refining, LLC Formed

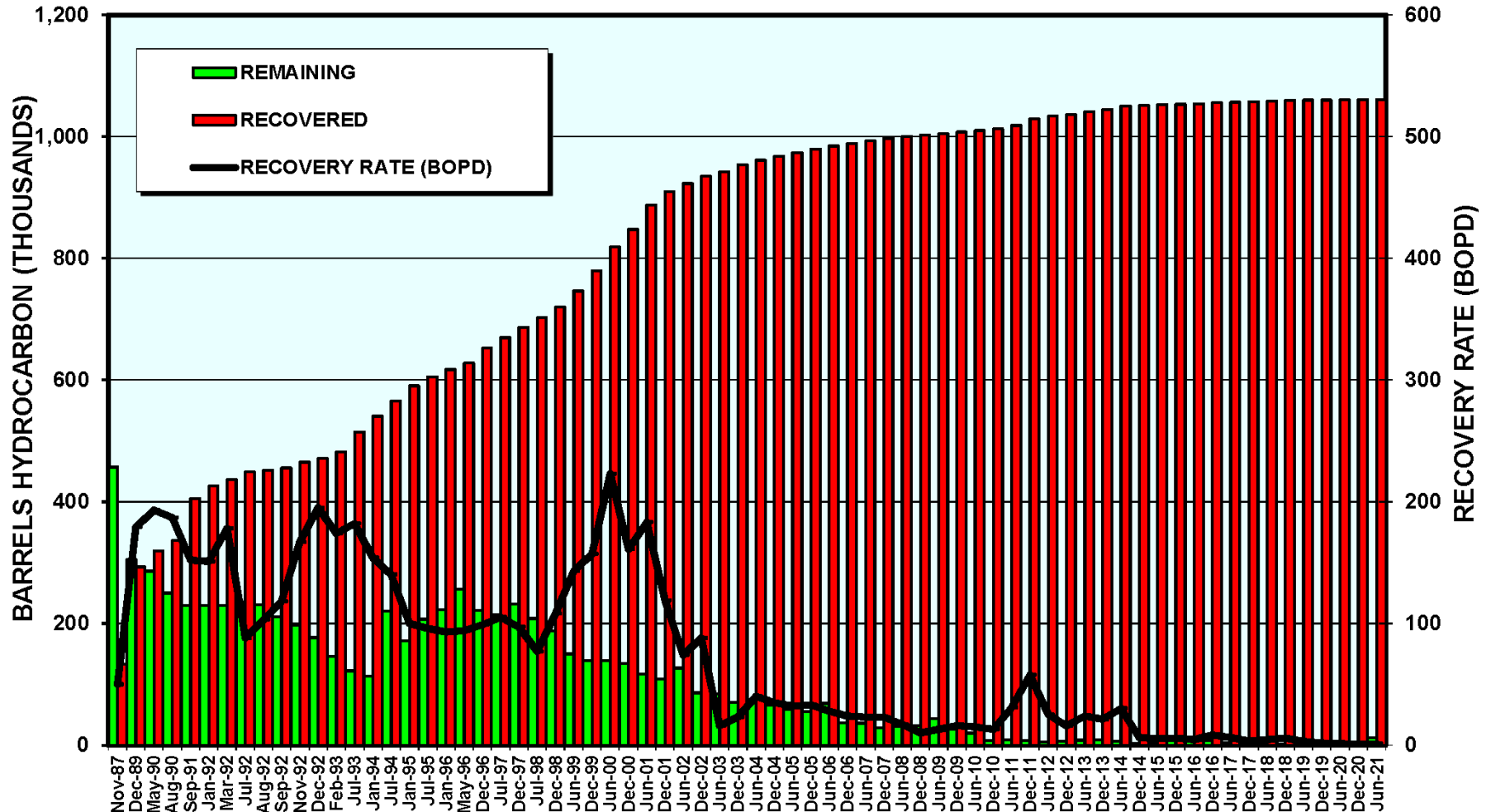
2021 – After Brief Operation, Limetree Shutdown Refining Ops & Bankruptcy

Recovery Well System at the former HOVENSA, L.L.C. Site



LNAPL Recovery Volumes & Rates (1987 – 2021)

HYDROCARBON RECOVERY PROJECT



- Additional Questions & Comments

- Review Action Items Developed During this Meeting

Next Meeting

- Agenda, Date & Time for Subsequent Call/Meeting